

State of Michigan
Administrative Guide to State Government

0110.03 Facility Leasing

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PURPOSE

To specify procedures for the procurement of space for state operations when state-owned facilities are not available.

APPLICATION

Executive Branch Departments and Sub-units.

CONTACT AGENCY

Department of Technology, Management and Budget (DTMB)
State Facilities Administration (SFA)
Real Estate Division (RED)
3111 W. St. Joseph Street
Lansing, MI 48917

Telephone: 517-335-6877

Fax: 517-284-7974

E-mail: dtmb-realestate@michigan.gov

SUMMARY

Obtaining and leasing of space for Executive Branch departments is performed by DTMB, State Facilities Administration (SFA), Real Estate Division (RED). To initiate a request for lease services, an agency must submit a Space Request for Leased or State-Owned Space (DTMB-0618) form, which details the program and space needs and requirements of the requesting agency.

A DTMB-0618 is also necessary for renewals, exercise of previously negotiated renewal options, relocations of an existing office to another equivalent location, seasonal or temporary space, emergencies, space additions or reductions, renegotiated renewals or relocations due to programmatic reasons, or modifications to the facility.

Other applicable regulations: Executive Order 2002-20; Administrative Code Section 1E, Rules 18.501 through 18.509; and the Management and Budget Act, Public Act 431 of 1984, Sections 219, 221 and 237.

APPLICABLE FORMS

[DTMB-0618 Space Request for Leased or State-Owned Space](https://stateofmichigan.sharepoint.com/sites/SOM-SPC-Forms/DTMB%20Forms/Space%20Request%20for%20Leased%20or%20State-Owned%20Space.docx?)

(<https://stateofmichigan.sharepoint.com/sites/SOM-SPC-Forms/DTMB%20Forms/Space%20Request%20for%20Leased%20or%20State-Owned%20Space.docx?>)

DEFINITIONS

Contract Change Order – A contractual agreement between the parties that modifies the executed lease document and alters the physical space– must be signed by the State of Michigan's authorized signatory.

REFERENCES

[Administrative Code Section 1E, Rules 18.501 through 18.509](https://ars.apps.lara.state.mi.us/AdminCode/DownloadAdminCodeFile?FileName=1042_2012-037TB_AdminCode.pdf)

(https://ars.apps.lara.state.mi.us/AdminCode/DownloadAdminCodeFile?FileName=1042_2012-037TB_AdminCode.pdf)

[Executive Order 2002-20](https://www.michigan.gov/formergovernors/0,4584,7-212-96477_31303_31305-57529--,00.html) (https://www.michigan.gov/formergovernors/0,4584,7-212-96477_31303_31305-57529--,00.html)

[The Management and Budget Act, Public Act 431 of 1984](http://legislature.mi.gov/doc.aspx?mcl-Act-431-of-1984), Sections 219, 221, & 237 (<http://legislature.mi.gov/doc.aspx?mcl-Act-431-of-1984>).

PROCEDURES

Agency

- Submits DTMB-0618 to RED justifying need for leased space. Where necessary, DTMB Design and Construction Division (DCD) will contract for preparation of programs, plans and specifications.

RED

- Advises agency of existing state-owned or leased facilities.
- Notifies and consults with local units of government on space needs.
- Seeks potential locations through use of bidder's list and posts Request for Proposal (RFP) to DTMB website.
 - Receives and reviews bids/proposals.
 - Recommends bid/proposal to agency.
- Verifies suitability of:
 - Space and site with agency for existing buildings.
 - Vacant site(s) for new construction.
- Submits plans and specifications to DCD for review. (Note: This step may take place before or after a lease is signed.)

DCD

- Reviews plans and specifications according to DTMB space standards.
- Submits recommendation to RED.

Agency

- Reviews bid/proposal recommendation and notifies RED of concurrence.

RED

- Prepares lease document.
- Submits to the Department of Attorney General, State Operations Division for review.
- Submits either notification or request for approval to Joint Capital Outlay Subcommittee (JCOS) if necessary.
- Obtains lessor and department signatures.

Attorney General

- Reviews lease documents and approves as to legal form.

JCOS

- Approves or rejects lease, if required.

RED

- Submits recommendation for approval to State Administrative Board (SAB).

SAB

- Approves or rejects lease and submits to the director of DTMB.

DTMB Director

- Reviews and executes the lease.

RED

- Delivers executed lease to lessor and sends copy to agency.
- Arranges for professional inspections of construction and/or remodeling through DCD.
- Approves plan changes and Contract Change Orders with assistance from DCD; and monitors compliance with DTMB Building Design Standards and code throughout the construction process.
- Reviews and inspects space for compliance with lease with agency assistance.
- Authorizes rent payments.

Agency

- Takes occupancy and makes required lease payments.
- Handles day-to-day maintenance problems with lessor.
- Informs RED when lessor fails to abide by the provisions of the lease.
- Reports actual tenant-paid expenses for each lease to RED biannually.

RED

- Makes annual operating adjustments on leases and approves payment of rent adjustments to agency, if applicable.
- Amends, interprets and takes required action under the terms of the lease.
- Manages lease occupancy and compliance problems.
- Maintains tenant-reported expense and base rent data.
